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# Conference Report Highlights

April 13, 2000

## Highlights of the Conference Report to Accompany H. Con. Res. 290, Concurrent Budget Resolution for FY 2001

The Senate on April 7, 2000, passed its FY 2001 concurrent budget resolution, S. Con. Res. 101, by a vote of 51-45. The House passed H. Con. Res. 290 on March 24, by a vote of 211-207. The conference report was agreed to April 12, and was passed by the House by a vote of 220-208 this afternoon.

### Noteworthy

- The Senate is expected to begin debate on the conference report today.
- The budget resolution primarily establishes the numerical budget totals for the next fiscal year and the four following years. Because it is a concurrent resolution, it is not presented to the President for signature.
- The conference report fully protects Social Security, it provides the resources for a Medicare prescription drug benefit and Medicare reform, and it allows for a reduction in the record tax burden currently shouldered by American families.

### Highlights

*[Note: The full text of the Conference Report is available in the Congressional Record of April 12, 2000, beginning on page H-2206. Below are some significant highlights.]*

- **General:** In general, the Senate and House budget resolutions were very similar. As a result, the conference report does not substantially differ from the original Senate-passed resolution.
- **Debt reduction:** The conference report reduces debt held by the public by approximately \$1 trillion over the next five years. If debt reduction continues along that path, all debt held by the public would be eliminated by 2013.

- **Surplus:** The fiscal year 2001 budget resolution conference report calls for on-budget surpluses every year for the next five years. The conference report calls for on-budget surpluses of \$9 billion in 2001 and \$40 billion over five years. Including Social Security, the surpluses are \$170 billion in 2001 and \$997 billion over five years.
- **Spending:** The report allows for total spending outlays of \$1.835 trillion in 2001, an increase of \$51 billion over 2000 spending, or 3 percent. Overall discretionary funding for 2001 is \$600 billion. Defense funding for 2001 is \$311 billion, an increase of 7 percent over last year.
- **Tax Cut:** The conference report allows for tax cuts of \$150 billion over the next five years. The report allows an increase in the tax cut if surpluses exceed current estimates.
- **Medicare:** The conference report includes \$40 billion in a reserve fund for reforming Medicare and creating a prescription drug benefit.

## **Process**

The following changes to budget procedures are included in the conference report:

### ***Reconciliation***

The conference report directs both the Ways and Means Committee and the Finance Committee to report reconciliation bills providing tax relief by two dates — July 14, 2000, and September 13, 2000. The revenue reductions called for in the instructions are not more than \$11.6 billion in 2001 and \$150 billion over five years.

The report also instructs the Ways and Means Committee to report legislation by July 14 to reduce the debt held by the public by \$7.5 billion and legislation by September 13 to reduce the debt held by the public by not more than \$19.1 billion.

### ***Reserve Funds***

The conference report includes 12 reserve funds designed to accommodate updated budget estimates and legislation that affects spending and revenue levels.

**Medicare:** The report includes two reserve funds regarding Medicare, one for the House and one for the Senate.

**House:** The report includes a reserve fund of \$2 billion in 2001 and \$40 billion for 2001-2005 for legislation which provides fundamental Medicare reform and contains a prescription drug benefit.

**Senate:** The report includes a reserve fund that provides \$20 billion for a Medicare prescription drug benefit and \$40 billion (total, including the \$20 billion), for Medicare reform and a prescription drug benefit.

**Education:** The report includes a reserve fund of \$200 million for fiscal year 2001 and \$1.1 billion for fiscal years 2001-2005 for legislation which increases payments to counties to support school and road systems.

**Agriculture:** The report includes a reserve fund of \$5.5 billion in fiscal year 2000 and \$1.6 billion in fiscal year 2001 for legislation reported by the Agriculture Committee by June 29 that provides assistance for producers of program crops and specialty crops, and enhancements for agriculture conservation programs.

**Budget-Neutral Tax Reduction:** The report includes a reserve fund to permit tax cuts beyond those included in the reconciliation instructions if they are offset with mandatory savings.

**Additional Tax Reduction:** The report includes a reserve fund to allow tax cuts exceeding the reconciliation instructions by no more than \$1 billion in 2001 and \$25 billion for 2001-2005.

**Future Surpluses and Tax/Debt Reduction:** The report includes a reserve fund to allow the Senate to adjust the reconciliation instructions for a further tax cut with any improvement in the on-budget surplus; the House, however, may adjust the instructions for a either a tax cut or for debt reduction.

**Additional Debt Reduction:** The report includes provisions to reserve the money set aside for Medicare reform (in the preceding reserve fund) and tax cuts (in the reconciliation instructions) for debt reduction if it is not used as specified under the budget.

**Discretionary Spending:** The report includes provisions to increase the Section 302 allocations to the Appropriations Committee upon the enactment of legislation to increase the current discretionary spending caps.

**Disabled Children:** The report includes a reserve fund of \$25 million for fiscal year 2001 and \$150 million for fiscal years 2001-2005 for legislation that facilitates home care for disabled children.

**Military Retirees:** The report includes a reserve fund of \$50 million for fiscal year 2001 and \$400 million for fiscal years 2001-2005 for legislation to fund improvements to military retiree health care programs.

**Cancer Screening/SCHIP:** The report includes a reserve fund of \$50 million for fiscal year 2001 and \$250 million for fiscal years 2001-2005 for legislation that accelerates enrollment of uninsured children in Medicaid or the State Children's Health Insurance Program (SCHIP), or that provides Medicaid coverage for cervical or breast cancer screening.

### ***Budget Enforcement***

The report includes several provisions designed to ensure Congress complies with the revenue and spending levels established in the budget resolution:

**Social Security Lock-Box Point of Order:** The report establishes a 60-vote point of order against any budget resolution that results in a unified budget deficit.

**Debt Reduction Lock-Box Point of Order:** The report establishes a 60-vote point of order against any legislation or amendment that reduces the budget surplus below the levels provided in the budget resolution.

**Appropriations Points of Order:** The report prohibits the use of so-called directed scoring for appropriations bills in the House. Also prohibits the use of advanced appropriations in 2001 above \$23.5 billion in both the House and Senate. Finally, prohibits the use of delayed obligations for non-defense spending in the Senate. Sets up a three-fifths waiver vote in the Senate.

**Emergency Spending Point of Order:** In the Senate, establishes a 60-vote point of order against the designation of "emergency" funding for non-defense appropriations. If sustained, the point of order strikes the designation, not the funding.

**Defense Firewall:** In the Senate, the report provides a firewall between defense and non-defense discretionary spending for fiscal year 2001. The report provides a 60-vote point of order against legislation which appropriates more than \$310.8 billion for defense, or more than \$289.5 billion for non-defense. An exception is provided in case of a declaration of war.

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